

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SALINA, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2015**

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
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JUNE 30, 2015**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629
Salina, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, as of and for the year ended **June 30, 2015** and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Board of Directors
Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629**

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, as of **June 30, 2015**, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, as of **June 30, 2015**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

**Board of Directors
Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated October 31, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015, on our consideration of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 29, 2015

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 185,880	\$ 0	\$ 1,649,324	\$ 1,655,315	\$ 179,889	\$ 2,065	\$ 181,954
Special Purpose Funds							
Capital Outlay	5,726	0	698,170	702,739	1,157	0	1,157
Parent Education	0	0	41,059	41,059	0	1,073	1,073
Vocational Education	27	0	175,614	175,614	27	0	27
Federal Funds	9,000	0	432,297	468,605	(27,308)	0	(27,308)
KJCC/LHGS Dept. of Corrections	0	0	1,407,746	1,407,746	0	0	0
LGHS Miscellaneous Fund	0	0	339	87	252	0	252
KS Professional Learning Team	0	0	50,000	49,716	284	0	284
S-3 Grant Teen Dating Violence	0	0	12,400	15,028	(2,628)	0	(2,628)
S3 Grant-Diversity Intolerance	0	0	12,400	14,595	(2,195)	0	(2,195)
Senate Bill 155 Program	0	0	10,000	4,131	5,869	0	5,869
Fast ForWord	0	0	32,774	32,774	0	18,876	18,876
ALP	0	0	60,151	60,151	0	0	0
TLC @ Dickinson County	0	0	55,922	55,922	0	0	0
TLC @ Smoky Hill Ed Service Center	40,000	0	471,303	471,303	40,000	10,250	50,250
TLC @ Hays	0	0	52,124	52,124	0	0	0
St. Francis Academy-Juvenile	0	0	285,048	285,048	0	0	0
St. Francis Academy-Title I	0	0	62,445	62,445	0	0	0
TLC @ Saline County Jail	0	0	171,355	171,355	0	0	0
Tipton Community School	159	0	410,758	409,955	962	0	962
Rosetta Stone	0	0	49,250	49,250	0	0	0
	<u>\$ 240,792</u>	<u>\$ 0</u>	<u>\$ 6,140,479</u>	<u>\$ 6,184,962</u>	<u>\$ 196,309</u>	<u>\$ 32,264</u>	<u>\$ 228,573</u>

Composition of Cash:	Checking Account	\$ (125,962)
	Money Market Accounts	354,535
		<u>\$ 228,573</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Smoky Hill Central Kansas Education Service Center, Interlocal School District No. 629 (the primary government), is an interlocal unified school district established as a cooperative to provide special education services to participating unified school districts. The District cannot levy taxes, but receives its revenue from federal and state aid and contracted participating unified school districts for special education services.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015**

Budget and Assessment Cycle

The District prepares a budget under the Kansas cash basis and budget laws to determine assessments to member districts and other financial planning purposes.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds	KJCC/LHGS Dept. of Corrections
LGHS Miscellaneous Fund	KS Professional Learning Team
S-3 Grant Teen Dating Violence	S-3 Grant-Diversity Intolerance
Senate Bill 155 Program	Fast ForWord Fund
ALP Fund	TLC @ Dickinson County
TLC @ Smoky Hill Ed Serv Center	TLC @ Hays
St. Francis Academy-Juvenile	St. Francis Academy-Title I
TLC @ Saline County Jail	Tipton Community School
Rosetta Stone	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015**

Note 2 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas Ave., Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009, KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

Net Pension Liability

The total pension liability for KPERs was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014, the net pension liability for KPERs was \$8,291,794,910. KPERs has determined the District's proportionate share of the net pension liability is \$2,463,115 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

Note 3 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015**

Note 4 - Deposits:

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2015.

At June 30, 2015, the District's carrying amount of deposits was \$228,573 and the bank balance was \$541,224. The bank balance is held by two banks. Of the bank balance, \$436,689 was covered by depository insurance, and the remaining \$104,535 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 5 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Note 6 - Compensated Absences:

The District's policy is to recognize the costs of compensated absences when actually paid. The District grants annual paid vacations to its full-time, regular employees. Annual vacation is granted based on length of service from ten to fifteen days.

Vacation days cannot be accumulated and payments are not made in lieu of vacation except for unused days at the time of termination of employment.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015**

Note 7 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

Transfer from General Fund to Capital Outlay	\$ <u>25,000</u>
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Note 8 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Medicaid Payments

The Cooperative submits reports of time for providing medical services to children with disabilities to a third party. The third party reviews the reports and files claims for Medicaid reimbursement. Medicaid then pays the third party based on Medicaid's determination of allowed payment. The third party retains a percentage of the payment based on an agreement with the Cooperative and remits the remainder approximately monthly for the previous month's claims. Due to adjustments made by both the third party and Medicaid, the actual amount to be received by the Cooperative is undeterminable and has not been recorded. It will be recorded as received.

Note 9 - Debt:

Debt activity for the year ended June 30, 2015 was as follows:

	Principal Amount	Issue Date	Maturity Date	Interest Rate	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Line of Credit	\$ 250,000	7/14/2014	7/1/2015	4.00%	\$ 0	\$ 670,000	\$ 670,000	\$ 0	\$ 1,385

Note 10 - Subsequent Events:

The District has evaluated subsequent events through October 29, 2015, the date which the financial statement was available to be issued.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund	Adjustment for			Expenditures		Variance - Over (Under)
	Certified Budget	Qualifying Budget Credits	Total Budget for Comparison	Chargeable to Current Year		
General Fund	\$ 3,127,587	\$ 0	\$ 3,127,587	\$ 1,655,315	\$	(1,472,272)
Special Purpose Funds						
Capital Outlay	23,680	679,059	702,739	702,739		0
Parent Education	34,175	6,884	41,059	41,059		0
Vocational Education	290,837	0	290,837	175,614		(115,223)
Federal Funds	XXXXXX	XXXXXX	XXXXXX	468,605		XXXXXX
KJCC/LHGS Dept. of Corrections	XXXXXX	XXXXXX	XXXXXX	1,407,746		XXXXXX
LGHS Miscellaneous Fund	XXXXXX	XXXXXX	XXXXXX	87		XXXXXX
KS Professional Learning Team	XXXXXX	XXXXXX	XXXXXX	49,716		XXXXXX
S-3 Grant Teen Dating Violence	XXXXXX	XXXXXX	XXXXXX	15,028		XXXXXX
S3 Grant-Diversity Intolerance	XXXXXX	XXXXXX	XXXXXX	14,595		XXXXXX
Senate Bill 155 Program	XXXXXX	XXXXXX	XXXXXX	4,131		XXXXXX
Fast ForWord	XXXXXX	XXXXXX	XXXXXX	32,774		XXXXXX
ALP	XXXXXX	XXXXXX	XXXXXX	60,151		XXXXXX
TLC @ Dickinson County	XXXXXX	XXXXXX	XXXXXX	55,922		XXXXXX
TLC @ Smoky Hill Ed Service Center	XXXXXX	XXXXXX	XXXXXX	471,303		XXXXXX
TLC @ Hays	XXXXXX	XXXXXX	XXXXXX	52,124		XXXXXX
St. Francis Academy-Juvenile	XXXXXX	XXXXXX	XXXXXX	285,048		XXXXXX
St. Francis Academy-Title I	XXXXXX	XXXXXX	XXXXXX	62,445		XXXXXX
TLC @ Saline County Jail	XXXXXX	XXXXXX	XXXXXX	171,355		XXXXXX
Tipton Community School	XXXXXX	XXXXXX	XXXXXX	409,955		XXXXXX
Rosetta Stone	XXXXXX	XXXXXX	XXXXXX	49,250		XXXXXX
	<u>\$ 3,476,279</u>	<u>\$ 685,943</u>	<u>\$ 4,162,222</u>	<u>\$ 6,184,962</u>	<u>\$</u>	<u>(1,587,495)</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>General Fund</u>	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 1,666,995	\$ 1,649,324	\$ 3,395,362	\$ (1,746,038)
	<u>1,666,995</u>	<u>1,649,324</u>	<u>\$ 3,395,362</u>	<u>\$ (1,746,038)</u>
Expenditures				
Instruction	1,062,535	1,051,590	\$ 787,403	\$ 264,187
General Administration	798,972	574,393	2,025,884	(1,451,491)
Operations & Maintenance	8,600	4,332	289,300	(284,968)
Transfers	50,000	25,000	25,000	0
	<u>1,920,107</u>	<u>1,655,315</u>	<u>\$ 3,127,587</u>	<u>\$ (1,472,272)</u>
Receipts Over (Under) Expenditures	(253,112)	(5,991)		
Unencumbered Cash, Beginning	438,992	185,880		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 185,880</u>	<u>\$ 179,889</u>		

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>Capital Outlay Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 673,170	\$ 0	\$ 673,170
Transfers	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
	<u>50,000</u>	<u>698,170</u>	<u>\$ 25,000</u>	<u>\$ 673,170</u>
Expenditures				
General Administration	47,285	702,739	\$ 23,680	\$ 679,059
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>679,059</u>	<u>(679,059)</u>
	<u>47,285</u>	<u>702,739</u>	<u>\$ 702,739</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	2,715	(4,569)		
Unencumbered Cash, Beginning	3,011	5,726		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 5,726</u>	<u>\$ 1,157</u>		

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>Parent Education Fund</u>	<u>Current Year</u>		<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual Budget</u>	
Cash Receipts			
Local Sources	\$ 9,940	\$ 16,175	\$ 15,175
State Sources	15,291	24,884	19,000
	<u>25,231</u>	<u>41,059</u>	<u>\$ 34,175</u>
			<u>\$ 6,884</u>
Expenditures			
Instruction	20,202	33,189	\$ 34,175
General Administration	5,029	7,870	0
Adjustment for Qualifying Budget Credits	0	0	6,884
	<u>25,231</u>	<u>41,059</u>	<u>\$ 41,059</u>
			<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0	
Unencumbered Cash, Beginning	0	0	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>	

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>Vocational Education Fund</u>	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Federal Sources	\$ 190,921	\$ 175,614	\$ 290,837	\$ (115,223)
	<u>190,921</u>	<u>175,614</u>	<u>\$ 290,837</u>	<u>\$ (115,223)</u>
Expenditures				
Instruction	74,964	43,806	\$ 0	\$ 43,806
General Administration	115,957	131,808	290,837	(159,029)
	<u>190,921</u>	<u>175,614</u>	<u>\$ 290,837</u>	<u>\$ (115,223)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	27	27		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 27</u>	<u>\$ 27</u>		

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>Federal Funds</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 30,157	\$ 432,297
	<u>30,157</u>	<u>432,297</u>
Expenditures		
Instruction	0	302,169
General Administration	<u>21,157</u>	<u>166,436</u>
	<u>21,157</u>	<u>468,605</u>
Receipts Over (Under) Expenditures	9,000	(36,308)
Unencumbered Cash, Beginning	0	9,000
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 9,000</u>	<u>\$ (27,308)</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

KJCC/LHGS Dept. of Corrections

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 0	\$ 1,407,746
	<u>0</u>	<u>1,407,746</u>
Expenditures		
Instruction	0	789,805
General Administration	<u>0</u>	<u>617,941</u>
	<u>0</u>	<u>1,407,746</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

LGHS Miscellaneous Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 339
	<u>0</u>	<u>339</u>
Expenditures		
General Administration	<u>0</u>	<u>87</u>
	<u>0</u>	<u>87</u>
Receipts Over (Under) Expenditures	0	252
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 252</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

KS Professional Learning Team

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 50,000
	<u>0</u>	<u>50,000</u>
Expenditures		
General Administration	0	49,716
	<u>0</u>	<u>49,716</u>
Receipts Over (Under) Expenditures	0	284
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 284</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

S-3 Grant Teen Dating Violence

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 0	\$ 12,400
	<u>0</u>	<u>12,400</u>
Expenditures		
General Administration	<u>0</u>	15,028
	<u>0</u>	<u>15,028</u>
Receipts Over (Under) Expenditures	0	(2,628)
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ (2,628)</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

S3 Grant-Diversity Intolerance

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 12,400
	<u>0</u>	<u>12,400</u>
Expenditures		
General Administration	<u>0</u>	<u>14,595</u>
	<u>0</u>	<u>14,595</u>
Receipts Over (Under) Expenditures	0	(2,195)
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ (2,195)</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

Senate Bill 155 Program

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 10,000
	<u>0</u>	<u>10,000</u>
Expenditures		
General Administration	<u>0</u>	<u>4,131</u>
	<u>0</u>	<u>4,131</u>
Receipts Over (Under) Expenditures	0	5,869
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 5,869</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>Fast ForWord Fund</u>		Prior Year	Current Year
		<u>Actual</u>	<u>Actual</u>
Cash Receipts			
Local Sources		<u>\$ 27,475</u>	<u>\$ 32,774</u>
		<u>27,475</u>	<u>32,774</u>
Expenditures			
General Administration		<u>27,475</u>	<u>32,774</u>
		<u>27,475</u>	<u>32,774</u>
Receipts Over (Under) Expenditures		0	0
Unencumbered Cash, Beginning		0	0
Prior Year Canceled Encumbrances		<u>0</u>	<u>0</u>
Unencumbered Cash, Ending		<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

<u>ALP Fund</u>		Prior Year	Current Year
		<u>Actual</u>	<u>Actual</u>
Cash Receipts			
Local Sources		\$ 107,669	\$ 60,151
		<u>107,669</u>	<u>60,151</u>
Expenditures			
Instruction		76,763	31,463
General Administration		<u>30,906</u>	<u>28,688</u>
		<u>107,669</u>	<u>60,151</u>
Receipts Over (Under) Expenditures		0	0
Unencumbered Cash, Beginning		0	0
Prior Year Canceled Encumbrances		<u>0</u>	<u>0</u>
Unencumbered Cash, Ending		<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

TLC @ Dickinson County

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	<u>\$ 38,084</u>	<u>\$ 55,922</u>
	<u>38,084</u>	<u>55,922</u>
Expenditures		
Instruction	27,784	27,550
General Administration	<u>10,300</u>	<u>28,372</u>
	<u>38,084</u>	<u>55,922</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

TLC @ Smoky Hill Ed Service Center

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 466,025	\$ 471,303
	<u>466,025</u>	<u>471,303</u>
Expenditures		
Instruction	132,409	142,671
General Administration	332,834	328,632
	<u>465,243</u>	<u>471,303</u>
Receipts Over (Under) Expenditures	782	0
Unencumbered Cash, Beginning	39,218	40,000
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 40,000</u>	<u>\$ 40,000</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

TLC @ Hays

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 68,159	\$ 52,124
	<u>68,159</u>	<u>52,124</u>
Expenditures		
Instruction	68,159	48,190
General Administration	<u>0</u>	<u>3,934</u>
	<u>68,159</u>	<u>52,124</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

St. Francis Academy-Juvenile

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 284,012	\$ 285,048
	<u>284,012</u>	<u>285,048</u>
Expenditures		
Instruction	136,935	172,442
General Administration	<u>147,077</u>	<u>112,606</u>
	<u>284,012</u>	<u>285,048</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

St. Francis Academy-Title I

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 98,784	\$ 62,445
	<u>98,784</u>	<u>62,445</u>
Expenditures		
Instruction	76,239	46,885
General Administration	<u>22,545</u>	<u>15,560</u>
	<u>98,784</u>	<u>62,445</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

TLC @ Saline County Jail

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 137,034	\$ 171,355
	<u>137,034</u>	<u>171,355</u>
Expenditures		
Instruction	49,476	50,983
General Administration	<u>87,558</u>	<u>120,372</u>
	<u>137,034</u>	<u>171,355</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

Tipton Community School

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 301,424	\$ 410,758
	<u>301,424</u>	<u>410,758</u>
Expenditures		
Instruction	261,429	379,131
General Administration	<u>39,958</u>	<u>30,824</u>
	<u>301,387</u>	<u>409,955</u>
Receipts Over (Under) Expenditures	37	803
Unencumbered Cash, Beginning	122	159
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 159</u>	<u>\$ 962</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Actual Totals for the Prior Year Ended June 30, 2014)**

Rosetta Stone

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 46,550	\$ 49,250
	<u>46,550</u>	<u>49,250</u>
Expenditures		
General Administration	<u>46,550</u>	<u>49,250</u>
	<u>46,550</u>	<u>49,250</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

Board of Directors

**Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629
Salina, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, as of and for the year ended **June 30, 2015**, and the related notes to the financial statement, which collectively comprise **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** basic financial statement, and have issued our report thereon dated October 29, 2015. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Board of Directors
Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 29, 2015



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

Board of Directors

**Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629
Salina, Kansas**

Report on Compliance for Each Major Federal Program

We have audited **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** major federal programs for the year ended **June 30, 2015**. **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal programs. However, our audit does not provide a legal determination of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** compliance.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS / KANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
Smoky Hill Central Kansas Education Service Center
Interlocal School District No. 629**

Opinion on Each Major Federal Program

In our opinion, **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended **June 30, 2015**.

Report on Internal Control Over Compliance

Management of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance its major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 29, 2015

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Receipts	Expenditures	Unencumbered	
			Cash	7-1-14			Cash	6-30-15
(Passes Through Kansas Department of Education)								
Department of Education								
Special Education Grants to States	84.027	\$ 113,885	\$ 0	\$ 102,539	\$ 113,885	\$ (11,346)		
Career and Technical Education -								
Basic Grants to States	84.048	302,037	9,027	302,037	311,037	27		
English Language Acquisition State								
Grants	84.365	13,324	0	13,324	13,324	0		
		<u>429,246</u>	<u>9,027</u>	<u>417,900</u>	<u>438,246</u>	<u>(11,319)</u>		
(Passes Through Kansas Juvenile Correctional Complex)								
Title I Grants to Local Educational Agencies	84.010	202,359	0	186,397	202,359	(15,962)		
Improving Teacher Quality State Grants	84.367	3,614	0	3,614	3,614	0		
		<u>205,973</u>	<u>0</u>	<u>190,011</u>	<u>205,973</u>	<u>(15,962)</u>		
Total Federal Awards		\$ 635,219	\$ 9,027	\$ 607,911	\$ 644,219	\$ (27,281)		

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report Of Compliance for Each Major Program; Report On Internal Control Over Compliance; And Report on Schedule of Expenditures of Federal Awards Required By OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, expresses an unmodified opinion on its major federal programs.
6. There were no audit findings relative to the major federal award programs for **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**.
7. The programs tested as major programs were:

Title I Grants to Local Education Agencies	84.010
Career and Technical Education – Basic Grants to States	84.048
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Smoky Hill Central Kansas Education Service Center Interlocal School District No. 629, Salina, Kansas**, was determined not to be a low-risk auditee.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER
INTERLOCAL SCHOOL DISTRICT NO. 629
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

There are no prior audit findings.